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**UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF CALIFORNIA  
SAN FRANCISCO DIVISION**

**In re:**

Bankruptcy Case  
No. 19-30088 (DM)

**PG&E CORPORATION**

Chapter 11  
(Lead Case)  
(Jointly Administered)

**-and-**

**PACIFIC GAS AND ELECTRIC  
COMPANY,**

**Debtors.**

- ☐ Affects PG&E Corporation
- ☐ Affects Pacific Gas and Electric  
Company

- ☒ Affects both Debtors

*\*All papers shall be filed in the Lead  
Case, No. 19-30088 (DM)*

**LIMITED OBJECTION AND RESERVATION  
OF RIGHTS OF THE OFFICIAL COMMITTEE  
OF TORT CLAIMANTS TO PROPOSED  
DISCLOSURE STATEMENT FOR DEBTORS'  
AND SHAREHOLDER PROPONENTS' JOINT  
CHAPTER 11 PLAN OF REORGANIZATION  
[DKT NO. 5700]**

Date: March 10, 2020  
Time: 10:00 a.m. (Pacific Time)  
Place: United States Bankruptcy Court  
Courtroom 17, 16<sup>th</sup> Floor  
San Francisco, CA 94102

1 The Official Committee of Tort Claimants (the “TCC”) of the above-captioned debtors  
2 (collectively, the “Debtors”) files this limited objection and reservation of rights (“**Limited**  
3 **Objection**”) to the *Proposed Disclosure Statement for the Debtors’ and Shareholder Proponents’*  
4 *Joint Chapter 11 Plan of Reorganization* (the “**Disclosure Statement**,” and “**Plan**,” respectively)  
5 [Dkt. Nos. 5700 and 5590].<sup>1</sup>

### 6 **LIMITED OBJECTION**

7 As of the date of this Limited Objection, the TCC is unable to support approval of the  
8 Debtors’ Disclosure Statement in its current form and does not believe it provides sufficient  
9 information for fire victims to vote on the Plan. As of the date hereof, the TCC does not intend to  
10 include a letter supporting the Plan in any solicitation package related to the Plan and Disclosure  
11 Statement. The TCC files this Limited Objection to identify its concerns and explain its position  
12 that the Debtors need to provide additional information regarding the Debtors’ proposed capital  
13 structure, financing issues and timing of funding, and potential dilution issues because of the form,  
14 type and quantum of consideration anticipated to be owned by the proposed Fire Victim Trust.

15 The TCC acknowledges that the Debtors have accepted many of the TCC’s substantive  
16 changes to the Disclosure Statement and have significantly revised the Disclosure Statement to  
17 include additional information regarding the Debtors revised capital structure. However, as set  
18 forth below, the TCC does not believe the disclosure is sufficient, and is willing to work with the  
19 Plan Proponents to draft additional disclosures addressing the TCC’s concerns.

#### 20 **I. The Debtors’ New Exit Financing Framework.**

21 In December 2019, the TCC, Debtors, and certain other parties entered into a Restructuring  
22 Support Agreement, under which the Debtors agreed pursuant to a plan to fund the Fire Victim  
23 Trust with (i) \$6.75 billion in cash, (ii) \$6.75 billion in New HoldCo Common Stock, and (iii) the  
24 assignment of certain causes of action. [Dkt. Nos. 5038, 5143, 5174] (“**Tort Claimant RSA**”). In  
25 exchange, Fire Victim Claims would be channeled to the Fire Victim Trust and satisfied solely  
26 from the Fire Victim Trust’s assets that would be funded on or before August 29, 2020. Because  
27 roughly half of the Fire Victim Trust’s assets may consist of New HoldCo Common Stock, the  
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<sup>1</sup> Capitalized terms used but not defined herein have the meanings ascribed to them in the Plan (as defined herein).

1 value and stability of that stock is critical to the Fire Victim Trust’s ability to successfully fulfil its  
2 purpose of evaluating and paying Fire Victim Claims in a fair and reasonable manner. Throughout  
3 the time periods during which the Tort Claimant RSA was negotiated, executed, and ultimately  
4 approved by the Court, the Debtors’ proposed exit financing contemplated an infusion of  
5 approximately \$12 billion in new equity and approximately \$34.4 billion in new debt [Dkt.  
6 Nos. 5267 and 6013].

7 Three days ago, on March 3, 2020, the Debtors filed Debtors’ Second Amended Motion for  
8 Entry of Orders (I) Approving Terms of, and Debtors’ Enter Into and Performance Under, Equity  
9 Backstop Commitment Letters, (II) Approving Terms of, and Debtors’ Entry Into and Performance  
10 Under, Debt Financing Commitment Letters, and (III) Authorizing Incurrence, Payment and  
11 Allowance of Related Fees and/or Premiums, Indemnities, Costs and Expenses as Administrative  
12 Expense Claims [Dkt. No. 6013] (the “**New Exit Financing Motion**”), which proposes to  
13 substantially change the Debtors’ proposed exit financing structure. The Debtors now contemplate  
14 raising only approximately \$9 billion in new equity (a roughly \$3 billion reduction in new equity)  
15 and incurring approximately \$38.1 billion in debt that would have liquidating preference over the  
16 Fire Victim Trust’s shares of New HoldCo Common Stock (a roughly \$3.7 billion increase in debt).  
17 As part of this new framework, Pacific Gas and Electric Company (the “**Utility**”) intends to issue  
18 approximately \$6 billion in temporary debt that would mature and need to be refinanced in the near  
19 term, although the specific terms of that temporary financing are unknown. The New Exit  
20 Financing Motion also seeks protection for the commitment parties for their fees associated with  
21 New Exit Financing Motion if the stock value were to decline. See Disclosure Statement § 4(e).

22 The TCC is concerned that the Debtors’ revised capital structure as outlined in the New Exit  
23 Financing Motion has the potential to significantly and negatively affect the market value of New  
24 HoldCo Common Stock – one of the most important assets available to pay fire victims. It is also  
25 unclear whether the revised financing structure will impact the Debtors’ exit financing timing. The  
26 TCC and its professionals are working diligently to obtain and analyze relevant documents and  
27 information relating to the new proposed exit financing structure. This information is critical to  
28 the TCC’s and the fire victims’ ability to evaluate the potential effects of the Debtors’ proposed

1 changes to its capital structure on the going-forward value of New HoldCo Common Stock and  
2 financial stability of the Reorganized Debtors. For example, depending on their respective terms,  
3 the temporary debt to be issued by Utility could create substantial short-term refinancing risk and  
4 the proposed increased debt obligations could impact the Reorganized Debtors or the going-forward  
5 value of New HoldCo Common Stock owned by the Fire Victim Trust. While the California Public  
6 Utilities Commission is the regulatory body tasked with reviewing the viability of the Debtors'  
7 capital structure, there is insufficient information contained in the Disclosure Statement for a fire  
8 victim to assess the valuation and timing issues related to the Debtors' revised exit financing.  
9 While the Tort Claimant RSA provides an outside funding date for the Fire Victim Trust of  
10 August 29, 2020, the Debtors have included a later outside Effective Date in the Plan of  
11 December 31, 2020. The combination of the potential for reduction in equity and delay until the  
12 outside date make the Disclosure Statement inadequate at this time.

13 While the TCC believes the Fire Victim Trust is entitled to dilution protection or  
14 incremental equity for any additional shares that would be issued post-Effective Date in connection  
15 with the exit financing fees, the potential impacts of this should be included in the Disclosure  
16 Statement. Dilution protection may also be necessary to protect against new shares being issued  
17 under the Backstop Agreement and other aspects of the revised capital structure. Furthermore, the  
18 Plan Proponents and Debtors have represented that they will work cooperatively with the TCC and  
19 the Consenting Fire Claimant Professionals to negotiate an agreement governing the relative rights  
20 of certain large shareholders and the Fire Victim Trust with respect to the New HoldCo Common  
21 Stock, which agreement may have a material impact on the Fire Victim Trust's ability to sell its  
22 New HoldCo Common Stock. Since that agreement has not been negotiated, the Disclosure  
23 Statement is unable to adequately describe those rights or obligations and their potential effects on  
24 the Fire Victim Trust.

25 For these reasons, the TCC at this point is unable to support approval of the Disclosure  
26 Statement and does not intend to include a letter supporting the Plan in any solicitation package  
27 related to the Plan and Disclosure Statement. The need for appropriate disclosure is all the more  
28 important in these cases given the need for fire victims to provide informed consent under

1 ABA Model Rule 1.8(g) to the settlement embodied in the Tort Claimant RSA and Plan. The TCC  
2 reserves all of its rights in connection with the Debtors' New Exit Financing Motion, the Plan, and  
3 the Disclosure Statement, including rights relating to the continued viability of the Tort Claimant  
4 RSA.

5 **II. Proposed Changes to the Disclosure Statement.**

6 The TCC submits that the Debtors must supplement the Disclosure Statement to (i) include  
7 the chart of Government Claims asserted against the Fire Victim Trust attached hereto as  
8 **Exhibit A**, and (ii) adequately address the concerns set forth herein. As stated above, the TCC is  
9 willing to work with the Plan Proponents to draft additional disclosures addressing the TCC's  
10 concerns.

11 WHEREFORE, the TCC respectfully requests that the Court require the Debtors to  
12 supplement the Disclosure Statement as set forth herein, and grant all other relief that is appropriate  
13 under the circumstances.

14  
15 Dated: March 6, 2020

16 BAKER & HOSTETLER LLP

17 By: /s/ Elizabeth Green  
Elizabeth Green

18 *Counsel to the Official Committee of Tort*  
19 *Claimants*